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LISTING STATEMENT No. 2242

LISTED AUGUST 31, 1966

298,232 common shares without par value, of which 61,750 are subject to issuance.
 Ticker abbreviation "CTX"
 Dial ticker number 1546
 Post section 9.5

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

CONSOLIDATED TEXTILE MILLS LIMITED

Incorporated under the Laws of Canada by Letters Patent dated April 30th, 1946, and Supplementary Letters Patent dated May 20th, 1946, December 29th, 1948, March 3rd, 1953 and February 4th, 1966.

CAPITALIZATION AS AT JUNE 17th, 1966

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common Shares without par value	300,000	236,482	298,232*
5% Preferred Shares of the par value of \$20.00 each ..	30,000	nil	nil
*of which 61,750 shares are subject to issuance.			
FUNDED DEBT			
6¾ % Series A Sinking Fund Debentures due February 1, 1980 carrying share purchase warrants ..	\$2,000,000	\$2,000,000	nil
7% Sinking Fund Series A First Mortgage Bonds due September 1, 1979	\$2,375,000	\$2,375,000 issued and \$2,275,000 outstanding	nil

June 17th, 1966

1. APPLICATION

CONSOLIDATED TEXTILE MILLS LIMITED (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 298,232 common shares without par value in the capital stock of the Company, of which 236,482 have been issued and are outstanding as fully paid and non-assessable. The remaining 61,750 common shares included in this application have been reserved as follows:—

For issue upon exercise of the share purchase warrants attached to the 6¾ % Series A Sinking Fund Debentures	50,000
Employees stock option at \$9.90 per share expiring July 1, 1967	3,000
Employees stock option at \$9.90 per share expiring July 1, 1968	1,000
Employees stock option at \$9.90 per share expiring May 31, 1969	1,000
Employees stock option at \$16.42½ per share expiring January 5, 1970	6,750
	61,750

2. HISTORY

The Company is a holding Company which carries on business through its wholly owned subsidiaries—Consolidated Textiles Ltd. and Square C Textiles Ltd. The Company was incorporated in 1946 under the Laws of Canada.

3.

NATURE OF BUSINESS

The Company is a holding company whose principal assets, other than monies in the bank, are all of the issued and outstanding shares, other than directors' qualifying shares, of capital stock of Consolidated Textiles Ltd. and Square C Textiles Ltd. For details of the operations of the subsidiary companies see Item 9 dealing with Subsidiary Companies.

4.

INCORPORATION

The Company was incorporated by Letters Patent issued by the Secretary of State of Canada under The Companies Act of Canada, dated April 30th, 1946 with an authorized capital consisting of 30,000 5% cumulative, sinking fund redeemable preferred shares of the par value of \$20.00 each and 50,000 common shares without nominal or par value.

By Supplementary Letters Patent issued by the Secretary of State and bearing the date of May 20th, 1946, the Company was converted from a private company into a public company and certain modifications were made to its 5% sinking fund redeemable preferred shares.

By Supplementary Letters Patent issued by the Secretary of State bearing the date December 29th, 1948, the 50,000 common shares, without nominal or par value, were subdivided into 200,000 common shares without nominal or par value on a four for one basis.

By Supplementary Letters Patent issued by the Secretary of State bearing the date March 3rd, 1953, the capital stock of the Company was increased by the creation of an additional 100,000 common shares without nominal or par value.

On February 4th, 1966, Supplementary Letters Patent were issued by the Secretary of State, expanding the borrowing powers of the Company.

On February 22nd, 1966, a certificate was issued by the Secretary of State, increasing to \$2,500,000.00 the amount of the consideration for which the 300,000 common shares without nominal or par value may be issued.

5.

SHARE ISSUES DURING PAST TEN YEARS

(a) Common Shares Without Par Value

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
October 1, 1963	10,000	\$ 3.20	\$32,000.00	exercise of option granted on August 14, 1962 to D. Taran, Vice-President in charge of sales.
December 31, 1964	6,500	\$11.475	\$74,587.50	exercise of option granted on August 19, 1964 to D. Taran, President.

(b) 5% redeemable preferred shares: none.

6.

STOCK PROVISIONS AND VOTING POWERS

Each Common Share carries one vote at all meetings of the Shareholders.

The said Preferred Shares are subject to the following rights and restrictions, namely:—

(1) The holders of record of the Preferred Shares shall be entitled to receive fixed cumulative preferential dividends at the rate of one dollar (\$1.00) per share per annum, and no more, as and when declared by the Directors, such dividends to be cumulative from June 1, 1946, or from the respective dates of the issue of said Preferred Shares, whichever is later, or from such other date not later than six months after the respective dates of issue of the Preferred Shares as may be fixed by the Board of Directors of the Company and to be payable by half-yearly instalments on the first days of June and December in each year. Such cumulative preferential dividends shall be payable before any dividend shall be paid upon or set apart for any other shares of the Company and shall be cumulative, so that no dividends shall be declared, paid or set apart for payments upon or for any other shares of the Company unless all then accumulated dividends upon all outstanding Preferred Shares shall have been paid or declared and set apart and the current half-yearly instalment of dividend upon the outstanding Preferred Shares shall have been declared and set apart. Such dividends upon the Preferred Shares shall be payable at par at any branch in Canada of the Company's bankers (Yukon Territory excepted).

(2) So long as any of the preferred shares shall be outstanding, the Company, on or before the 1st day of May in each year, commencing with the year 1947, shall set aside the following percentages of the net earnings of the company (as hereinafter defined) for the preceding calendar year as a sinking fund to be used as hereinafter provided for the retirement of Preferred Shares, provided, however, the Company shall not be obliged to make any Sinking Fund payment if at the end of the preceding calendar year the net current assets of the Company and its subsidiaries, as determined by the Company's auditors are, or would by such payment, be reduced to, less than three hundred thousand dollars (\$300,000.00). The percentages herein mentioned shall be: 10% up to and including the year 1951; 15% up to and including the year 1956; and 20% in each year thereafter. For the purposes of this section the term "net earnings of the Company" shall mean the balance of consolidated profits (exclusive of any capital profit) of the Company and its subsidiaries for the preceding calendar year, as determined by the Company's auditors, after all usual and proper charges and expenses have been deducted, including, without limiting the generality of the foregoing, provisions for depreciation, depletion, amortization and obsolescence, and after providing for taxes, including taxes on income or profits and after deducting interest on indebtedness and an amount equal to the dividends on the Preferred Shares for such calendar year at the full stipulated rate, together with the amount of any

unpaid dividends on the Preferred Shares for any preceding calendar year or years to the extent that such deduction shall not have previously been made for such accumulated and unpaid dividends in calculating the amount of the sinking fund in respect of any such year or years.

The sinking fund shall be applied with reasonable despatch to the purchase of Preferred Shares in the manner hereinafter provided in Section (6). If and to the extent that Preferred Shares cannot be so purchased within six months of any sinking fund payment, the Company shall forthwith call for redemption in the manner hereinafter provided in Section (5) such number of Preferred Shares as the amount then held in the Sinking Fund shall be sufficient to redeem.

Notwithstanding the provisions of sections (5) and (6) relating to the redemption prices of Preferred Shares the redemption price of each Preferred Share for sinking fund purposes shall be twenty dollars (\$20.00) per share plus an amount equal to all unpaid accumulated dividends accrued thereon to the date of redemption.

The Company may from time to time anticipate the whole or any part of any sinking fund by purchasing Preferred Shares as hereinafter provided and crediting the cost of such Preferred Shares against the amount of any sinking fund thereafter becoming due.

(3) Subject to the prior rights of the holders of the Preferred Shares as set forth in the foregoing Sections (1) and (2), and not otherwise, the Board of Directors may declare and cause to be paid dividends to the holders of any other shares of the Company from any funds of the Company at the time legally available for dividends; provided, however, that so long as any of the Preferred Shares remain outstanding, the Board of Directors shall not declare or cause to be paid any dividend or other distribution to the holders of any other shares of the Company unless the consolidated net current assets (including refundable portion of excess profit taxes) of the Company and its subsidiaries, as determined by the Company's auditors, are or would after such payment or distribution be, not less than an amount equal to 70% of the aggregate par value of the Preferred Shares then outstanding.

So long as any of the Preferred Shares remain outstanding, no other shares of the capital stock of the Company shall be redeemed, purchased or otherwise in any way retired or paid off.

(4) The holders of the Preferred Shares shall be entitled to receive out of the assets of the Company in the event of any bankruptcy, dissolution or winding-up an amount per Preferred Share held equal to the redemption price (other than for sinking fund purposes) applicable thereto, as hereinafter specified, at the time such bankruptcy, dissolution or winding-up takes place, and in addition thereto an amount equal to all unpaid accumulated dividends thereon accrued to the date when such payment shall be made available to the holders of the Preferred Shares, before any distribution of assets shall be made to the holders of any other shares of the Company, and the holders of such other shares shall be entitled, to the exclusion of the holders of the Preferred Shares, to any assets of the Company remaining after making or providing for such payment to the holders of the Preferred Shares, according to their respective rights. If upon such bankruptcy, dissolution or winding-up, the net assets of the Company shall be insufficient to permit the payment in full to the holders of the Preferred Shares of the amounts distributable to them as aforesaid, then the entire net assets of the Company shall be distributed ratably among the holders of the Preferred Shares then outstanding according to their respective rights.

(5) After or concurrently with setting aside or making provisions for the sinking fund, if any, required to be set aside from the net earnings of the next preceding calendar year in accordance with Section (2), the Preferred Shares may be redeemed at any time at the option of the Board of Directors, expressed by resolution, in whole or in part (and if in part only, then by lot or pro rata, disregarding fractions, as may be determined by the Board of Directors) upon notice mailed at least thirty (30) days before the date fixed for redemption to each holder of record of the share or shares to be redeemed at his last known post office address as shown by the Company's records, provided however, that the accidental failure to give any such notice to one or more such holders shall not affect the validity of such redemption as to the other holders. The redemption price (other than for sinking fund purposes) for each share of the Preferred Shares so redeemed shall be:

Twenty-two dollars (\$22.00) per share if redeemed on or before December 31, 1951;

Twenty-one dollars (\$21.00) per share if redeemed after December 31, 1951 and on or before December 31, 1956;

Twenty dollars (\$20.00) per share if redeemed after December 31, 1956 and, in addition thereto, in each case an amount equal to all unpaid accumulated dividends accrued thereon to the date of redemption.

Notice having been given as aforesaid, from and after the date fixed in any such notice as the date of redemption (unless default shall be made by the Company in providing the money for the payment of the redemption price), all dividends on the Preferred Shares so called for redemption shall cease to accumulate and all rights of the holders thereof as shareholders of the Company, except the right to receive the redemption price against surrender of the certificates for the shares so called for redemption, shall cease and determine, provided, however, that the Company may include in such notice a statement that the money required for the payment of the redemption price has been deposited or will be deposited at the opening of business on the date of redemption or on a specified date prior to such date, with a specified Bank or Trust company in trust for the benefit of the holders of the Preferred Shares so called for redemption, and notice having been given as aforesaid, from and after such deposit, all rights of the holders of the Preferred shares so called for redemption as shareholders of the Company shall cease and determine and the holders of such Preferred Shares shall look for payment of the redemption price only to the funds so deposited, and in no event to the Company, unless the funds so deposited shall not be available on the redemption date. The holders of such Preferred Shares shall be entitled respectively and ratably to any interest which may be allowed by such depository on funds so deposited from and after the date specified for redemption.

(6) The Company may at any time or times purchase in the open market all or any of the Preferred Shares for cancellation at the lowest prices at which, in the opinion of the Board of Directors of the Company, such shares are obtainable, but such prices shall not in any case exceed the redemption price of the Preferred Shares specified in the foregoing Section (5) at the time of purchase, plus the cost of purchase together with an amount equal to all unpaid accumulated dividends thereon accrued to the date of purchase.

(7) All Preferred Shares purchased or redeemed under the provisions of the foregoing Sections (2), (5) and (6) shall not be re-issued.

(8)a) The holders of Preferred Shares shall be entitled to receive notice of and attend any meeting of the shareholders of the Company and to one vote at any such meeting in respect of each Preferred Share held. If the Company from time to time shall fail to pay in the aggregate four half-yearly instalments on the Preferred Shares on the dates on which the same should be paid according to the terms hereof whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends, then and so long as any dividends remain in arrears, the holders of the Preferred Shares shall be entitled, voting separately and as a class to elect one-quarter of the total number of the Directors of the Company or, if the total number of Directors be not divisible by four, then the next highest number above one-quarter. Nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its Directors.

b) Notwithstanding anything contained in the By-Laws of the Company, the term of office of all persons who may be Directors of the Company at any time when the special right to elect Directors shall accrue to the Preferred Shares as herein provided or who may be appointed as Directors if such rights shall have accrued and before a meeting of shareholders shall have been held shall terminate upon the election of new Directors at the next annual meeting of shareholders or at a special general meeting which may be held for the purpose of electing Directors at any time after the accrual of such voting rights upon not less than twenty days' written notice and such special general meeting shall be called by the Secretary of the Company upon the written request of the holders of record of at least one-fifth of the outstanding Preferred Shares and in default of the calling of such special general meeting by the Secretary within five days after the making of such request it may be called by any holder of record of Preferred Shares.

c) Any vacancy occurring among the members of the Board elected to represent the holders of Preferred Shares in accordance with the foregoing provisions may be filled by the Board with the consent and approval of the remaining Director or Directors elected to represent the holders of Preferred Shares but if there be no such remaining Director or Directors elected to represent the holders of Preferred Shares the Board may elect sufficient holders of Preferred Shares to fill the vacancy or vacancies. Whether or not such vacancies are so filled by the Board, the holders of record of at least one-fifth of the outstanding Preferred Shares shall have the right to require the Secretary of the Company to call a meeting of the holders of Preferred Shares for the purpose of filling the vacancies or replacing all or either of the persons filling such vacancies who have been appointed by the Directors when there is no Director in office who has been elected to represent the holders of Preferred Shares, and the provisions of the last preceding subparagraph shall apply in respect of the calling of such meeting.

d) Notwithstanding anything contained in the By-Laws of the Company, upon any termination of the special voting rights of the Preferred Shares as herein provided the term of office of the Directors elected to represent the holders of Preferred Shares shall forthwith terminate.

(9) The Company shall not, without the approval of the holders of the Preferred Shares, given in the manner specified in this Section (9):

a) authorize the creation or issuance of any new class of shares ranking as to dividends or assets on a parity with or prior to the Preferred Shares, or increase the authorized number of Preferred Shares;

b) amend, alter, change or repeal any provision of Section (1) to (11) of these preferences inclusive; or

c) create or permit any wholly-owned subsidiary to create any hypothec, mortgage, pledge, charge, lien or other encumbrance of any kind on any part of the immovable property or fixed assets of the Company or of such subsidiary, as the case may be, or authorize or issue, or permit any wholly-owned subsidiary to authorize or issue any bond, debenture or other like security maturing more than one year from the date thereof, and the Company shall, unless and until such approval of the holders of the Preferred Shares has been duly obtained, at all times prevent any wholly-owned subsidiary from doing anything which the Company has, under the foregoing provisions, bound itself not to permit such subsidiary to do provided however, that the foregoing prohibition shall not be deemed to prevent nor shall it operate to prevent

i) the creation or giving by the Company or any wholly-owned subsidiary, as the case may be, of purchase money mortgages (security by way of vendor's privilege or other charge to secure payment by the Company or such subsidiary of any amount or balance of any purchase price payable by it) or other purchase money security on property hereafter acquired by the Company or such subsidiary, or

ii) the acquisition by the Company or any wholly-owned subsidiary of property subject to hypothecs, mortgages or encumbrances thereon existing, or

iii) the giving by the Company or any wholly-owned subsidiary of hypothecs, mortgages, pledges, charges, assignments or other like security created in favour of bankers in the ordinary course of business of the Company, or of such a subsidiary, as the case may be, and for the purpose of carrying on the same, or

iv) the creation by any wholly-owned subsidiary of any hypothec, mortgage, pledge, charge, lien or encumbrance on any of its property exclusively to and in favour of the Company, or

v) the issue by such a subsidiary of any bond, debenture of other security exclusively to the Company.

So long as the Preferred Shares remain outstanding the Company may, with the approval of the holders of the Preferred Shares given in the manner specified in this Section (9), but otherwise shall not permit any subsidiary to issue shares to anyone except the Company and another subsidiary and shall not sell or otherwise dispose of any shares of a subsidiary unless its entire holdings of such shares are disposed of at the same time.

The foregoing references to a "subsidiary" shall mean any company, all of the outstanding shares of which, except the Directors' qualifying shares, are owned directly or indirectly by the Company at the time of calculation.

Any matter requiring the approval of the holders of the Preferred Shares, as provided in this Section, shall be deemed to have been duly approved by the holders of the Preferred Shares if it shall have been ap-

proved by the affirmative vote of the holders of two-thirds of the Preferred Shares represented in person or by proxy at a special general meeting of the holders of Preferred Shares duly called and held upon at least fifteen (15) days written notice given to all the holders of Preferred Shares then outstanding, and at which meeting a majority of the Preferred Shares outstanding are represented. Subject to the foregoing, the formalities to be observed in respect of giving notice of any such meeting the quorum, adjournment and the conduct thereof shall be those prescribed from time to time in the By-Laws of the Company in respect of meetings of shareholders.

(10) The Preferred Shares shall not be liable to cancellation or reduction by reason of loss or depreciation of the Company's assets.

(11) The Company shall not issue any Preferred Shares in excess of twenty thousand (20,000) Preferred Shares without the prior approval of the holders of the Preferred Shares given in the manner specified in Section (9) unless the consolidated net earnings (including the refundable portion of income and excess profits taxes) of the Company and its subsidiaries available for the payment of dividends, as certified by the auditors of the Company, for the two calendar years immediately preceding the date of the proposed issue are not less than twice the annual dividend requirements of Preferred Shares then outstanding and those proposed to be issued.

7. DIVIDEND RECORD

The following dividends have been paid on the Common Shares of the Company during the past ten years, as follows:—

January 29, 1965	50¢ per share
April 29, 1965	12½¢ per share
July 26, 1965	12½¢ per share
November 5, 1965	12½¢ per share
February 28, 1966	37½¢ per share
May 20, 1966	12½¢ per share
August 19, 1966	12½¢ per share

8. RECORD OF PROPERTIES

The Company is a holding company and actually owns no property.

9. SUBSIDIARY COMPANIES

Consolidated Textiles Ltd. was incorporated under the laws of Quebec by Letters Patent dated August 3rd, 1938 with an authorized capital consisting of 990 Common Shares of the par value of 100.00 each, all of which have been issued and are presently outstanding as fully paid and non-assessable, and are now owned by Consolidated Textile Mills Limited. This company manufactures at its plants at St. Hyacinthe and Joliette, Quebec fabrics of acetate, "Antron", "Arnel", rayon, nylon, "Terylene" and mixed yarns, for sale to the cutting-up trade, as well as to the jobbing and retail trades and to industrial users.

Square C Textiles Ltd. was incorporated under the laws of Canada by Letters Patent dated April 2nd, 1964 with an authorized capital consisting of 50,000 Common Shares of the par value of \$10.00 each, and 5,000 Preferred Shares of the par value of \$100.00 each, of which 20,000 Common Shares have been issued and are presently outstanding as fully paid and non-assessable, all of which shares are now owned by Consolidated Textile Mills Limited. This Company owns and operates a weaving plant at Alexandria, Ontario, producing fabrics similar to those being made by Consolidated Textiles Ltd., and a dyeing and finishing plant which processes over 50% of the work formerly done by outside contractors.

10. FUNDED DEBT

(a) Description of Issue	Aggregate Amount Authorized	Principal Amount Outstanding	Maturity Date	Interest Dates
6¾ % Series A Sinking Fund Debentures carrying share purchase warrants	\$2,000,000	\$2,000,000	February 1, 1980	August 1 and February 1

(b) Redemption

The 6¾ % Series A Sinking Fund Debentures will be redeemable for other than sinking fund purposes prior to maturity in whole at any time or in part from time to time at the option of the Company, at not less than thirty (30) days notice, at the principal amount thereof, at a premium of 6½ % of such principal amount if redeemed on or before February 1, 1967, such premium decreasing thereafter by one-half (½) of one percent (1%) of such principal amount for each year or portion thereof elapsed after February 1, 1967 to the date fixed for redemption, up to and including February 1, 1979 and thereafter at the principal amount thereof, together in each case with accrued interest to date fixed for redemption. In the event of partial redemption by the Company, the Debentures to be redeemed shall be drawn by lot by the Trustee.

(c) Share Purchase Warrants

The 6¾ % Sinking Fund Debentures, Series A have attached thereto warrants entitling the holders thereof to purchase common shares without nominal or par value of the Company, as presently constituted, at the rate of 25 shares in respect of each \$1,000 principal amount of debentures at the following prices:—

\$23.50 per share if purchased at any time up to the close of business on February 1, 1969.

\$25.00 per share if purchased thereafter at any time up to the close of business on February 1, 1972.

\$28.00 per share if purchased thereafter at any time up to the close of business on February 1, 1975.

The Indenture relative to the share purchase warrants contains adjustment provisions designed to protect the holders thereof against dilution of their purchase rights.

(d) Security

The 6¾ % Series A Sinking Fund Debentures, in the opinion of Counsel, are secured by

i) a second floating charge on all the undertakings, properties, rights and assets of the Company located in Canada, including all after-acquired properties, rights and assets of the Company located in Canada. The second floating charge shall be subordinate to

ii) the first fixed and specific hypothec, mortgage, pledge and charge, and cession and transfer of all the real and immovable property owned and to be owned by the Company and its subsidiaries under the Trust Deed of Hypothec, Mortgage and Pledge, bearing formal date September 1, 1964 and entered into between the Company and its subsidiaries and the Montreal Trust Company; and

iii) a first floating charge on the undertakings and remaining properties and assets owned by the Company and its subsidiaries or hereafter acquired and not subject to the foregoing first fixed and specific hypothec, mortgage, pledge and charge, and cession and transfer, created under the said Trust Deed of Hypothec, Mortgage and Pledge, bearing formal date September 1, 1964, which secure the \$2,375,000 Series A Bonds issued by the Company and its subsidiaries on September 1, 1964 as well as any additional series of first mortgage sinking fund bonds which may be issued in virtue thereof.

The said second floating charge will in no way hinder or prevent the Company at any time and from time to time (until the security constituted by the Trust Deed shall have become enforceable and the Trustee shall have determined or become bound to enforce the same), subject to the covenants hereinafter referred to, from paying dividends out of profits or surplus or from selling, alienating, leasing, assigning or otherwise disposing of or dealing with the subject matters of such floating charge in the ordinary course of business or for the purpose of carrying on or extending the same or from pledging, assigning or giving security on the subject matters of such floating charge to any bank or banks under The Bank Act (Canada) or otherwise or in the ordinary course of business to others for present or future debts or liabilities of the Company or its subsidiaries to such bank or banks or to such others and any such pledge, assignment or security shall rank in priority to the said second floating charge.

Amongst other covenants the Trust Deed will contain covenants of the Company to the effect that so long as any of the Series A Debentures remain outstanding:

(a) The Company will not permit any subsidiary to issue (except to its parent company) any shares or Funded Debt Obligations as defined in the Trust Deed;

(b) The Company will not declare or pay any dividends (other than stock dividends) on any of its shares of capital stock or redeem any classes of preferred shares if such payment of dividends or such redemption will result in the reduction of the consolidated earned surplus and the consolidated capital surplus of the Company and its subsidiaries to a net aggregate amount of less than 2 million three hundred thousand dollars (\$2,300,000.00);

(c) The Company will not issue any Funded Debt Obligations in addition to the \$2,375,000 Series A Bonds, and the \$2,000,000 principal amount of Series A Debentures offered by the present prospectus, unless the average annual consolidated net earnings (as defined in the Trust Deed) of the Company and its subsidiaries, if any, after depreciation and depletion, but before interest on Funded Obligations and provision for income and profits taxes for the two fiscal years of the Company next preceding the issue of such Funded Obligations, have amounted to at least three times the annual interest requirements on all Funded Obligations of the Company and its subsidiaries to be outstanding after such proposed issue; as determined by the Company's Auditor on a consolidated basis in accordance with generally accepted accounting principles;

(d) The Company will not create or issue any Funded Obligations in addition to the \$2,375,000 principal amount of the Series A Bonds and the \$2,000,000 principal amount of Series A Debentures offered by the present prospectus, which in any year prior to February 1, 1980 shall mature in amounts or be entitled to sinking fund payments which in the aggregate for such year are proportionately greater than the aggregate of the sinking fund payments in respect of the Series A Debentures in such year unless the sinking fund payments in respect of the Series A Debentures are in that year commenced in such amounts or, as the case may be, are increased to such an extent as to ensure that the aggregate of the sinking fund payments in respect of the Series A Debentures shall not in such year be proportionately less than the aggregate of the sinking fund payments and maturities, if any, in respect of such additional Funded Obligations in such year.

(e) The Company will not sell or dispose of any of the shares of any of its subsidiaries presently owned or subsequently acquired unless simultaneously with such sale or disposal the Company deposits with the Trustee the proceeds of such sale or disposal and proceeds to the redemption of the then outstanding Series A Debentures at the principal amount thereof, together with the then applicable premium fixed in case of redemption at such date of redemption and together with accrued interest to date of redemption.

The 6¾ % Series A Sinking Fund Debentures, in the opinion of counsel, are direct obligations of the Company, rank *pari passu* and are secured equally and rateably, except as to sinking funds pertaining exclusively to any particular series (with all other Debentures to be issued and outstanding under the Trust Deed in the manner set forth above).

Sinking Fund

The Company will covenant to pay to the Trustee as and by way of a sinking fund for the Series A Debentures a sum sufficient to retire \$75,000 principal amount of such Debentures on February 1st in each of the years 1967 to 1979 both inclusive, and the Debentures so to be retired shall be retired at any time at par plus accrued interest, and shall be drawn by lot by the Trustee. The Company will have the right to tender Series A Debentures to the Trustee at the principal amount thereof in satisfaction in whole or in part of sinking fund obligations. The Company reserves the right to purchase the Series A Debentures in the market or by tender or by private contract at any price not exceeding the price or prices at which

such Debentures at the date of purchase are redeemable for other than sinking fund purposes plus costs of purchase.

<u>(a) Description of Issue</u>	<u>Aggregate Amount Authorized</u>	<u>Principal Amount Outstanding</u>	<u>Maturity Date</u>	<u>Interest Dates</u>
7% Series A Sinking Fund Bonds	\$2,375,000	\$2,275,000	September 1, 1979	March 1 and September 1

(b) Redemption

The Series A Sinking Fund Bonds will be redeemable for other than sinking fund purposes prior to maturity in whole at any time or in part from time to time, at the options of the Company, on not less than thirty (30) days notice.

at 107.00 on or before September 1, 1965; thereafter
at 106.00 on or before September 1, 1966; thereafter
at 105.00 on or before September 1, 1967; thereafter
at 104.25 on or before September 1, 1968; thereafter
at 103.50 on or before September 1, 1969; thereafter
at 103.00 on or before September 1, 1970; thereafter
at 102.50 on or before September 1, 1971; thereafter
at 102.00 on or before September 1, 1972; thereafter
at 101.50 on or before September 1, 1973; thereafter
at 101.00 on or before September 1, 1974; thereafter
at 100.50 on or before September 1, 1975; thereafter
at par with, in each case, accrued interest to the date
of redemption. In the event of partial redemption by
the Company the Bonds to be redeemed shall be drawn
by lot by the Trustee.

(c) Security

The \$2,375,000 7% First Mortgage Sinking Fund Bonds, Series A (hereinafter referred to as the Series A Bonds) offered by this prospectus are direct obligations of the Company and are issued under a Trust Deed of Hypothec, Mortgage and Pledge and a Deed of Trust and mortgage (hereinafter collectively referred to as the "Trust Deed") bearing formal date of September 1, 1964, entered into between the Company and Montreal Trust Company as Trustee, providing for the issue of First Mortgage Bonds of the Company which, in the opinion of Counsel, are secured by:

- i) a first fixed and specific hypothec, mortgage, pledge and charge and cession and transfer of all the real and immovable properties owned by the Company at the date of the execution of the Trust Deed or acquired thereafter, and
- ii) a first floating charge on the undertaking and remaining property and assets owned by the Company at the date of the execution of the Trust Deed or thereafter acquired and not subjected to the foregoing first fixed and specific hypothec, mortgage, pledge and charge and cession and transfer, the whole subject to permitted encumbrances and minor defects, if any.

The said floating charge in no way hinders or prevents the Company at any time and from time to time (until the security constituted by the Trust Deed shall have become enforceable and the Trustee shall have determined or become bound to enforce the same), subject to the covenants hereinafter referred to, from selling, alienating, leasing, assigning or otherwise disposing of or dealing with the subject matters of such floating charge in the ordinary course of business or for the purpose of carrying on or extending the same or from pledging, assigning or giving security on the subject matters of such floating charge to any bank or banks under The Bank Act (Canada) or otherwise or in the ordinary course of business to others for present or future debts or liabilities of the Company to such bank or banks or to such others and any such pledge, assignment or security shall rank in priority to the said floating charge.

The Trust Deed provides that the Company shall have the right and power, without the consent or approval of the Trustee or the holders of the Bonds, to increase, from time to time, the amount of the hypothecs, mortgages, pledges, and charges and cessions and transfers created by the Trust Deed or any deed supplemental thereto to such amount or amounts as the Directors of the Company may from time to time determine, the whole subject to the covenants set out below.

The Trust Deed contains provisions relating to the release of property and assets from the security.

The obligations of Consolidated Textile Mills Limited, Consolidated Textiles Ltd., and Square C Textiles Ltd. under the Trust Deed shall be joint and several.

Amongst other covenants the Trust Deed contains covenants of the Company to the effect that so long as any of the Series A Bonds remain outstanding:

(a) The Company will not permit any subsidiary to issue (except to its parent company) any shares or Funded Obligations as defined in the Trust Deed;

(b) The Company will not declare or pay any dividends (other than stock dividends) on any of its shares of capital stock or redeem any classes of preferred shares if such payment of dividends or such redemption will result in the reduction of the consolidated earned surplus and the consolidated capital surplus of the Company and its subsidiaries to a net aggregate amount of less than 2 million dollars;

(c) The Company will not issue any Funded Obligations in addition to the \$2,375,000 Series A Bonds, unless the average annual consolidated net earnings (as defined in the Trust Deed) of the Company and its subsidiaries, if any, after depreciation and depletion, but before interest on Funded Obligations and provision for income and profit taxes for the two fiscal years of the Company next preceding the issue of such Funded Obligations, have amounted to at least three times the annual interest requirements on all Funded

Obligations of the Company and its subsidiaries to be outstanding after such proposed issue; as determined by the Company's Auditor on a consolidated basis in accordance with generally accepted accounting principles;

(d) The Company will not create or issue any Funded Obligations in addition to the \$2,375,000 principal amount of the Series A Bonds, which in any year prior to September 1, 1979, shall mature in amounts or be entitled to sinking fund payments which in the aggregate for such year are proportionately greater than the aggregate of the sinking fund payments in respect of the Series A Bonds in such year unless the sinking fund payments in respect of the Series A Bonds are increased to such an extent as to ensure that the aggregate of the sinking fund payments in respect of the Series A Bonds shall not in such year be proportionately less than the aggregate of the sinking fund payments and maturities, if any, in respect of such additional Funded Obligations in such year.

Sinking Fund

The Company covenants to pay to the Trustee, as and by way of a Sinking Fund for the Series A Bonds, a sum sufficient to redeem \$100,000.00 principal amount of said bonds on September 1st in each of the years 1965 to 1978 both inclusive, and the bonds so to be redeemed shall be so redeemed at any time at par plus accrued interest and shall be drawn by lot by the Trustee. The Company has the right to tender Series A Bonds to the Trustee at the principal amount thereof in satisfaction in whole or in part of Sinking Fund obligations.

11. OPTIONS

(a) The Company has granted to certain employees the following options:—

- 3,000 Common Shares in the capital stock of the Company at \$9.90 per share, expiring July 1, 1967
- 1,000 Common Shares in the capital stock of the Company at \$9.90 per share, expiring July 1, 1968
- 1,000 Common Shares in the capital stock of the Company at \$9.90 per share, expiring May 31, 1969
- 6,750 Common Shares in the capital stock of the Company at \$16.42½ per share, expiring January 5, 1970

(b) There are no underwriting agreements outstanding.

(c) There are no issued shares of the Company held for the benefit of the Company.

(d) There are no shares of the Company held in escrow, except as hereinafter set forth.

Other reserved shares:

The 6¾ % Sinking Fund Debentures, Series A have attached thereto warrants entitling the holders thereof to purchase common shares without nominal or par value of the Company, as presently constituted, at the rate of 25 shares in respect of each \$1,000.00 principal amount of debentures at the following prices:—

\$23.50 per share if purchased at any time up to the close of business on February 1, 1969.

\$25.00 per share if purchased thereafter at any time up to the close of business on February 1, 1972.

\$28.00 per share if purchased thereafter at any time up to the close of business on February 1, 1975.

The Indenture relative to the share purchase warrants contains adjustment provisions designed to protect the holders thereof against dilution of their purchase rights.

12. ESCROWED SHARES

126,733 shares of the Company owned by the controlling shareholder, Style-Tex Ltd. and 3,100 shares owned beneficially by the officers and Directors of the Company have been escrowed with the Toronto-Dominion Bank for a period of one year from August 15th, 1966, subject to prior release upon consent of The Toronto Stock Exchange.

13. LISTING ON OTHER STOCK EXCHANGES

The Common Shares of the Company are listed on the Montreal Stock Exchange.

14. STATUS UNDER SECURITIES ACTS

Particulars of any filing, registration, approval or qualification with or by the Quebec Securities Commission or any corresponding governmental body or authority are as follows:—

Of the 236,482 Common Shares outstanding 219,982 were issued prior to any requirement for registration with the Quebec Securities Commission. The 10,000 common shares issued on October 1st, 1963 and the 6,500 common shares issued on December 31st, 1964, both on the exercise of options previously granted to a key employee, had been exempted from registration by the Quebec Securities Commission.

On May 24th, 1946 the company was granted permission by the Quebec Securities Commission to sell, in the Province of Quebec, \$400,000.00 of its 5% cumulative, sinking fund redeemable preferred shares; on October 16th, 1964 the company was granted permission by the Quebec Securities Commission to sell, in the Province of Quebec, its 7% Series A First Mortgage Sinking Fund Bonds in the amount of \$2,375,000.00; and on February 18th, 1966 the company was granted permission by the Quebec Securities Commission to trade its 6¾ % Series A Sinking Fund Debentures maturing February 1st, 1980 in the amount of \$2,000,000.00.

15. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

16. ANNUAL MEETINGS

The By-Laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company at Montreal, or elsewhere in Canada on such day in each year as the Board of Directors may by resolution determine. The last annual meeting was held on the 28th day of April, 1966.

17. HEAD AND OTHER OFFICES

The head office is located at 8925 St. Lawrence Boulevard, Montreal, Quebec. The Company's subsidiary, Consolidated Textiles Limited, maintains sales offices in Montreal, Toronto, Winnipeg, Vancouver and Holland.

18. TRANSFER AGENT

The Transfer Agents of the Company are:—

Eastern & Chartered Trust Co., 625 Dorchester Boulevard West, Montreal, Quebec.

Eastern & Chartered Trust Co., 1901 Yonge Street, Toronto, Ontario.

19. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

20. REGISTRAR

The Registrars of the Company are:—

Eastern & Chartered Trust Co., 625 Dorchester Boulevard West, Montreal, Quebec.

Eastern & Chartered Trust Co., 1901 Yonge Street, Toronto, Ontario.

21. AUDITORS

The Auditors of the Company are:—

Abramovitch, Abramovitch & Co., Chartered Accountants, 1449 St. Alexander, Montreal, Quebec.

22. OFFICERS

The Officers of the Company are:—

NAME	OFFICE	HOME ADDRESS
Danny Taran	President	1745 Cedar Avenue, Apt. 809, Montreal, Quebec.
Joseph Rimerman	Vice-President	6 Heath Road, Hampstead, Quebec.
Maurice Rabinovitch	Secretary-Treasurer	1575 Markham Road, Town of Mount Royal, Quebec.
James Bornstein	Asst. Secretary-Treasurer	7460 Kingsley Road, Cote St. Luc, Quebec.

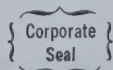
23. DIRECTORS

The Directors of the Company are:—

Roland Giroux	Executive	3495 Mountain Street, Apt. 1109, Montreal, Quebec.
Maurice Rabinovitch	Executive	1575 Markham Road, Town of Mount Royal, Quebec.
Sam Rabinovitch	Executive	6030 MacDonald Avenue, Hampstead, Quebec.
Joseph Rimerman	Executive	6 Heath Road, Hampstead, Quebec.
Joseph Shapiro, Q.C.	Lawyer	3733 The Boulevard, Westmount, Quebec.
Danny Taran	Executive	1745 Cedar Avenue, Apt. 809, Montreal, Quebec.
Moses S. Yelin, Q.C.	Lawyer	660 Lansdowne Avenue, Westmount, Quebec.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Consolidated Textile Mills Limited hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officer thereof hereby certifies that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



CONSOLIDATED TEXTILE MILLS LIMITED

"MAURICE RABINOVITCH", Secretary.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

DISTRIBUTION OF COMMON STOCK AS OF JULY 6, 1966

Number						Shares
38	Holders of	1	—	24	share lots	307
75	" "	25	—	99	" "	3,217
157	" "	100	—	199	" "	16,656
16	" "	200	—	299	" "	3,392
10	" "	300	—	399	" "	3,108
1	" "	400	—	499	" "	400
13	" "	500	—	999	" "	8,477
19	" "	1000	—	up	" "	200,925
329	Shareholders				Total shares	236,482

FINANCIAL STATEMENTS

CONSOLIDATED TEXTILE MILLS LIMITED

and its Subsidiaries

CONSOLIDATED TEXTILES LTD. AND SQUARE C TEXTILES LTD.

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1965

(with comparative figures as at December 31, 1964)

ASSETS

	1965	1964
CURRENT:		
Cash on hand & in banks	\$ 42,262	\$ 320
Accounts receivable	2,719,631	2,198,994
Prepaid expenses	40,919	19,821
Inventories of raw materials, work in process, finished goods and supplies, valued at the lower of cost or market	4,114,538	2,201,948
	<u>6,917,350</u>	<u>4,421,083</u>
Investments & advances to subsidiary company	—	1,483,142
FIXED:		
Land and buildings, machinery & equipment, furniture and fixtures, automobiles at cost	6,798,349	3,508,790
Less: Accumulated depreciation (Note 1)	2,597,288	2,349,852
	<u>4,201,061</u>	<u>1,158,938</u>
DEFERRED CHARGES:		
Unamortized bond discount & expense	136,682	146,349
Organization expense	1,051	—
Preproduction costs	173,843	—
	<u>311,576</u>	<u>146,349</u>
OTHER:		
Copyright	1	1
Sundry deposits	1,905	1,080
Miscellaneous other assets	—	1,650
	<u>1,906</u>	<u>2,731</u>
	<u>\$11,431,893</u>	<u>\$ 7,212,243</u>

LIABILITIES

	1965	1964
CURRENT:		
Accounts payable	\$ 2,678,224	\$ 1,397,229
Bank loans (secured under section 88)	2,385,000	40,000
Federal, provincial & municipal taxes	649,118	422,665
Mortgage bonds installments	100,000	100,000
	<u>5,812,342</u>	<u>1,959,894</u>
DEFERRED:		
7% series "A" first mortgage sinking fund bonds maturing September 1, 1979	2,375,000	2,375,000
Less: Installments paid or payable within one year	200,000	100,000
	<u>2,175,000</u>	<u>2,275,000</u>
CAPITAL STOCK:		
Authorized:		
5% redeemable preferred shares at \$20.00 par value	30,000	
Common shares at no par value	300,000	
Issued and Outstanding:	As at December 31	
	1965	1964
Preferred shares	—	—
Common shares	<u>236,482</u>	<u>236,482</u>
	396,372	396,372
Consolidated surplus, per accompanying statement	3,048,179	2,580,977
	<u>3,444,551</u>	<u>2,977,349</u>
	<u>\$11,431,893</u>	<u>\$ 7,212,243</u>

Approved on behalf of the Board of Directors:

Montreal,

"M. RABINOVITCH", Director.

January 17, 1966

"D. TARAN", Director.

The attached notes form an integral part of these financial statements

CONSOLIDATED TEXTILE MILLS LIMITED
and its Subsidiaries
CONSOLIDATED TEXTILES LTD. AND SQUARE C TEXTILES LTD.
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1965
(with comparative figures for the year 1964)

	1965	1964
Gross profit after providing for manufacturing, delivery, selling and administration expenses but before taking into account the items below		
	\$1,526,819	\$1,296,304
Executive officers remuneration	128,000	69,005
Legal fees	4,535	12,440
Directors fees	2,200	3,400
Bond interest & expense	173,542	41,999
Depreciation	247,436	164,626
	<u>555,713</u>	<u>291,470</u>
Net Profit for the year before providing for income taxes	971,106	1,004,834
Less: Provision for income taxes	295,173	516,008
TRANSFERRED TO SURPLUS	<u>\$ 675,933</u>	<u>\$ 488,826</u>

CONSOLIDATED SURPLUS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1965
(with comparative figures for the year 1964)

	1965	1964
EARNED SURPLUS:		
Balance at the beginning of the period	\$2,169,208	\$1,708,484
Add: net profit for the year (Note 2)	675,933	488,826
	<u>2,845,141</u>	<u>2,197,310</u>
DEDUCT:		
Prior years' adjustments	1,810	7,561
Dividends declared and paid	206,921	574
Transferred to sinking fund for preferred shares	—	19,967
	<u>208,731</u>	<u>28,102</u>
	<u>2,636,410</u>	<u>2,169,208</u>
ADD:		
Capital surplus — balance at the beginning of the period:		
1. Representing the par value of preferred shares purchased for redemption	400,000	400,000
2. Profits on disposal of fixed assets	11,769	11,769
	<u>411,769</u>	<u>411,769</u>
BALANCE AT THE CLOSE OF THE PERIOD	<u>\$3,048,179</u>	<u>\$2,580,977</u>

SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1965

FUNDS PROVIDED FROM:		
Net Earnings	\$ 675,933	
ADD:		
Charges to earnings not involving disbursement of funds:		
Provision for depreciation and amortization	257,103	
	<u>933,036</u>	
Miscellaneous items	1,650	\$ 934,686
FUNDS APPLIED TO:		
Acquisition of capital assets	1,806,417	
Payment of 7% series "A" first mortgage sinking fund bond installment	100,000	
Payments of dividends	206,921	
Preproduction costs	173,844	
Miscellaneous items	<u>3,685</u>	2,290,867
Decrease in working capital		1,356,181
Working capital at beginning of year		2,461,189
Working capital December 31, 1965		<u>\$1,105,008</u>

CONSOLIDATED TEXTILE MILLS LIMITED
and its Subsidiaries
CONSOLIDATED TEXTILES LTD. AND SQUARE C TEXTILES LTD.
NOTES TO FINANCIAL STATEMENTS

1. Depreciation claimed for tax purposes in prior years, was in excess of that charged against income on the books of the company, thus effecting a tax reduction. Accumulated excess depreciation so charged amounted to \$183,566. Provision for income taxes payable on this excess depreciation in future years has not been set up on the accompanying financial statements.
2. The consolidated earnings include profits of Square C Textiles Ltd. for the nine months ended December 31, 1965. No income taxes are payable by this company in virtue of the provisions of Section 71A of the income tax act.
3. Consolidated Textile Mills Limited has granted the following options for the purchase of their common shares:
 - a. EMPLOYEE OPTIONS
 - (i) 3,000 shares at \$9.90 per share, exercisable between June 1, 1967 and July 1, 1967.
 - (ii) 1,000 shares at \$9.90 per share exercisable between June 1, 1968 and July 1, 1968.
 - (iii) 1,000 shares at \$9.90 per share, exercisable between May 1, 1969 and May 31, 1969.
 - b. OFFICER AND DIRECTOR OPTIONS
 - (i) 6,750 shares at \$16.426 per share, exercisable before January 5, 1970.

All options were issued at the price of the last sale at the time of the granting of such options, less 10 percent.
4. Consolidated Textile Mills Limited and its subsidiaries Consolidated Textiles Ltd. and Square C Textiles Ltd. are parties to the trust deed, representing the \$2,375,000 bond issue.

AUDITORS' REPORT

To the Shareholders,
CONSOLIDATED TEXTILE MILLS LIMITED,
Montreal, Quebec.

GENTLEMEN:

We have examined the consolidated balance sheet of CONSOLIDATED TEXTILE MILLS LIMITED and its wholly owned subsidiaries CONSOLIDATED TEXTILES LTD. and SQUARE C TEXTILES LTD. as at December 31, 1965, and the relating statement of Profit and Loss and surplus for the period ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and relating statements of profit and loss and surplus present fairly the consolidated financial position of CONSOLIDATED TEXTILE MILLS LIMITED and its wholly owned subsidiaries, CONSOLIDATED TEXTILES LTD. and SQUARE C TEXTILES LTD. as at December 31, 1965, and the results of their operations for the period ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying consolidated statement of source and application of funds, which in our opinion, when considered in relation to the aforementioned consolidated statements, presents fairly the sources and applications of funds of the company for the year ended December 31, 1965.

Respectfully submitted,

Montreal, Quebec,
January 17, 1966.

ABRAMOVITCH, ABRAMOVITCH & CO.
Chartered Accountants.

CONSOLIDATED TEXTILE MILLS LIMITED
and its Subsidiaries

CONSOLIDATED TEXTILES LTD. AND SQUARE C TEXTILES LTD.

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1966.

ASSETS

CURRENT:

Cash on hand & in Banks	57,317.29	
Accounts Receivable & Prepaid Charges	2,947,675.05	
Inventories	<u>4,824,843.93</u>	\$ 7,829,836.27

FIXED:

Land, buildings, machinery & equipment, etc.	6,909,413.67	
Less: Accumulated Depreciation	<u>2,661,968.61</u>	4,247,445.06

DEFERRED CHARGES:

Unamortized bond discount & expense	252,345.35	
Preproduction Costs	<u>174,894.49</u>	427,239.84
		<u>\$12,504,521.17</u>

LIABILITIES

CURRENT:

Accounts Payable	2,290,789.81	
Bank Loans (secured)	2,105,000.00	
Federal, provincial & municipal taxes	389,169.07	
Mortgage Bond & Debenture Installments	<u>175,000.00</u>	\$ 4,959,958.88

DEFERRED:

Mortgage Bonds & Debentures	4,375,000.00	
Less: Installments paid or payable within one year	<u>275,000.00</u>	4,100,000.00

CAPITAL STOCK:

Common Shares Issued & Outstanding (236,482)	396,371.50	
Consolidated surplus, per accompanying statement	<u>3,048,190.79</u>	3,444,562.29
		<u>\$12,504,521.17</u>

Approved:

"DANNY TARAN", Director.

"MAURICE RABINOVITCH", Director.

CONSOLIDATED TEXTILE MILLS LIMITED
and its Subsidiaries

CONSOLIDATED TEXTILES LTD. AND SQUARE C TEXTILES LTD.

STATEMENT OF PROFIT AND LOSS
THREE MONTHS ENDING MARCH 31, 1966

Gross Profit		\$ 261,257.28
Executive officers remuneration	\$30,909.71	
Legal fees	5,555.40	
Directors fees	2,000.00	
Bond Interest & Expense	56,419.28	
Depreciation	<u>64,680.61</u>	<u>159,565.00</u>
Net Profit for the three months before taxes		101,692.28
Less: Provision for Income Taxes		<u>13,000.00</u>
TRANSFERRED TO SURPLUS		<u>\$ 88,692.28</u>

CONSOLIDATED SURPLUS STATEMENT
THREE MONTHS ENDING MARCH 31, 1966

EARNED SURPLUS:	
Balance at the beginning of the period	\$2,636,410.26
Add: Net profit for the three months	<u>88,692.28</u>
	2,725,102.54
DEDUCT:	
Dividends declared and paid	<u>88,680.75</u>
	2,636,421.79
ADD:	
Capital Surplus	<u>411,769.00</u>
BALANCE AT THE CLOSE OF THE PERIOD	<u>\$3,048,190.79</u>

